

FISCAL IMPACT STATEMENT ON BILL NO. **H.3124, Subcommittee Recommendations**

(Doc. No. Unknown)

TO:	The Honorable Robert E. "Bob" Walker, Chairperson, House Education and Public Works Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Trey Kannaday		
DATE:	March 26, 2007	SBD:	2007279

AUTHOR:	Representative Walker	PRIMARY CODE CITE:	59-62-10
SUBJECT:	School District Choice and Open Enrollment Program		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
See Below

BILL SUMMARY:

This Bill amends H3124 which establishes an open enrollment program. The program allows parents to apply to enroll their children in schools other than those in their attendance zone. It also establishes a process through which applications are accepted and evaluated.

EXPLANATION OF IMPACT:

There is a fiscal impact associated with numerous sections of this Bill. In addition full implementation would occur over several years based on specific dates as noted in the Bill and based on section 56-62-70 which indicates that districts may phase-in acceptance of students at the rate of one-half a percent of the previous year's average daily membership (ADM) not to exceed three percent. A synopsis of the impact associated with each section is summarized as follows.

FY 2007-08 and FY 2008-09

Section 59-62-30 requires the State Department of Education (SDE) to establish the Office of School Choice and Innovation. SDE estimates the total cost to implement this section to be \$306,951. This cost includes two FTE's for a Program Manager and a Database Administrator II. The Program Manager position would cost \$97,126, including related fringe benefits. The Database Administrator position would cost \$79,825, including related fringe benefits. SDE further estimates \$130,000 in administrative costs associated with the Office of School Choice and Innovation.

Section 59-62-30 (C) requires the Office of School Choice to establish pilot programs. In addition, Section 59-62-40(A) requires school districts to begin implementation of their school choice plans beginning in FY 2008-09 for students at the elementary, middle, and high school levels. SDE estimates cost for these components at \$130,000 to provide staff development, technical assistance and training. It is assumed funding would be needed in FY 2007-08 to allow for establishment of the pilot programs and to provide technical assistance. Section 59-62-30 (E) requires SDE to establish a task force to assist in developing guidelines relating to school capacity issues. SDE estimates nonrecurring cost for the task force at \$10,000 to cover incidentals. Therefore, total cost the first year of implementation is estimated \$446,951. Second year costs are estimated at 436,951. However, the \$130,000 cost estimate associated with sections 59-62-30 (C) and 59-62-40 (A) could be discontinued after FY 2009-10.

FY 2009-10

Sections 59-62-50 and 59-62-60 establish the process by which school districts will receive and process applications for enrollment. The Department of Education estimates that school districts will require 1.00 FTE per district to implement the provisions of these sections at a cost of \$45,500 per district for salary and fringe benefits. The total impact to school districts would be approximately \$3,867,500 per year, which could be funded at the General Assembly's discretion with the State General Fund, Education Improvement Act funds, local funds, or a combination of these funds.

Section 59-62-90 provides that parents or guardians of students whose family income is 185% or less of the federal poverty guidelines shall be eligible for transportation reimbursement from the district with funds appropriated by the General Assembly for that purpose. SDE indicates that transportation costs associated with this section will be based in large part on the findings resulting from the pilot programs. Therefore, no reliable estimate is available at this time.

Section 59-62-100 (B) requires that districts receive 100 percent of the base student cost from the State for students enrolled in schools outside of their district of residence. Using the FY 2007-08 projected base student cost of \$2,476 and an average student weighting of 1.26, the state would pay an additional \$936 per nonresident student. Although the exact number of students who would exercise this option is unknown, there would be a fiscal impact to the General Fund of the State of approximately \$3,198,000 annually for every one-half of one percent of the student population enrolled in a school outside their district of residence. As Section 59-62-70(B) (1) allows districts to cap their acceptance of nonresident students at 3%, only 20,500 students could participate in the program at any given time.

Section 59-62-140 requires SDE to conduct an annual survey of the districts to determine the number of students participating in the program and to collect other data associated with implementation. SDE estimates annual survey and compilation costs at \$50,000. In addition, SDE estimates non-recurring costs of \$10,000 for reprogramming EFA financial data systems.

Recapitulation

Fiscal year 2007-08 costs to implement the provisions of this Bill are estimated at \$446,951. FY 2008-09 costs are estimated at \$435,951. The majority of the costs to implement this Bill will not be incurred until FY 2009-10 and in subsequent years based on the number of students who choose to take advantage of the Bill's provisions. Total estimated cost for FY 2009-10 excluding transportation is estimated at \$7,562,451 based on the assumptions noted above. However, this includes \$3,867,500 for one additional staff per district which may be funded with local school districts funds at the General Assembly's discretion.

Cost will continue to increase through FY 2014-15 based on the phase-in provision of section 59-62-70 (B) (1) with regard to the acceptance of students for receiving districts. The \$130,000 in staff development, technical assistance and training costs for the pilot programs could be discontinued after FY 2009-10.

SPECIAL NOTES:

None.

Approved by:



Harry Bell
Assistant Director, Office of State Budget